BORA LASKIN LAW LIBRARY
3 1761 03341 3501

Cases and Materials

on

Canadian Income Tax Law

Volume II

David G. Duff
Faculty of Law
University of Toronto

BORA LASKIN LAW LIBRARY

OCT 15 1997

FACULTY OF LAW
UNIVERSITY OF TORONTO

OSGOODE HALL LAW LIBRARY
UNIVERSITY OF TORONTO

Cases and Materials on Canadian Income Tax Law

Volume II

David G. Duff
Faculty of Law
University of Toronto

Digitized by the Internet Archive
in 2018 with funding from
University of Toronto

https://archive.org/details/casesmaterialson02duff

Table of Contents

Part II - Income from a Business or Property (cont.)

Chapter 7
Net Income from a Business or Property 301

1. Introduction 301

2. Profit 301

3. Income Producing Purpose 310
   (1) Damages 310
   (2) Theft 319
   (3) Taxes 330
   (4) Tax Reduction 336
   (5) Fines and Penalties 344
   (6) Legal Expenses to Defend Against Criminal or Civil Proceedings 353
   (7) Illegal Expenses 361
   (8) Business Promotion 364
      (a) Promotional Samples 364
      (b) Charitable Donations 370
      (c) Advertising 374

4. Personal or Living Expenses 378
   (1) Entertainment, Meals, and Recreation 379
      (a) Social Events and Engagements 380
      (b) Food, Beverages, and Entertainment 387
      (c) Use of Recreational Facilities and Club Dues 398
   (2) Clothing 404
   (3) Travel 407
   (4) Moving 420
      (a) Eligible Expenses 421
      (b) Prerequisites to Deductibility 430
         (i) Qualifying Activities 430
         (ii) Residential Requirements 431
         (iii) Distance Requirements 433
         (iv) Reason for the Move 435
      (c) Limitations on Deductibility 437

(5) Home Office 439
(6) Properties Maintained for Use or Benefit of Taxpayer or Related Person 448
(7) Housekeeping 450
(8) Child Care 452
(a) Traditional Approach 452
(b) Statutory Deduction 455
(i) Eligible Expenses 456
(A) Eligible Purposes 457
(B) Ineligible Providers 463
(ii) Limitations 465
(c) Business Expenses and the Statutory Deduction 474

5. Reasonableness 513
(1) Income-Splitting 515
(2) Personal Expenses 524
(3) Business Promotion 530

6. Interest Expense 535
(1) Use of Borrowed Money 536
(2) Income Earning Purpose 557